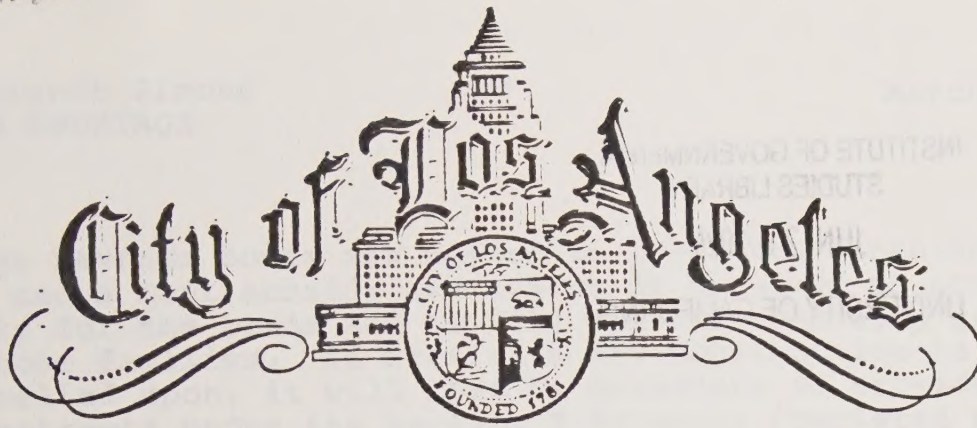


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CITY HALL  
LOS ANGELES, CALIFORNIA 90012  
(213) 485-3311

OFFICE OF THE MAYOR  
March 31, 1980

TOM BRADLEY  
MAYOR

Mr. Lawrence Simons  
Assistant Secretary  
U.S. Department of Housing  
and Urban Development  
2500 Wilshire Boulevard  
Los Angeles, California 90057

Dear Mr. Simons:

#### HOUSING SHORTAGE

During the past year, the City of Los Angeles comprehensively examined its most desperate need -- the shortage of housing.

The City has taken significant steps toward the construction of new housing. Among these steps has been the allocation of Housing and Community Development Block Grant (HCDBG) funds to assist low cost housing development. Nearly \$6 million have been set aside to provide assistance to private developers and the City Housing Authority for the acquisition of sites for Section 8 family housing and Low Rent Public Housing units. There has subsequently been a significant increase in the response of developers to the Section 8 Program for family housing as a result of the provision of HCDBG funds. In contrast to many localities in the country which resist subsidized family housing, the City of Los Angeles welcomes such assisted housing to all segments of the population.

The City of Los Angeles also recognized, however, that the combination of rising costs of subsidized housing and the realities of the national economy place a severe limit on the level of assistance that can be provided through the Section 8 New Construction program. The City recognizes that housing supply is its most pressing community development need.

Therefore, \$3.67 million in HCDBG funds have been allocated as a first step in providing land cost assistance to housing projects which can be developed without Section 8 New Construction subsidies. However, in order to make such housing affordable to low income families, other assistance is definitely needed.

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March 31, 1980

Mortgage revenue bonds are needed to lower the financing costs, and a rent subsidy assistance is required to provide security for the bonds and to fill the affordability gap for low income families. If Section 8 New Construction is not to be relied upon, it will then be necessary to provide long term contracts under the Section 8 Recently Completed program through the following proposed changes:

1. The Secretary waive the five year maximum term for Section 8 Recently Completed contracts to allow for twenty year contracts when used in conjunction with projects assisted with HCDBG land writedown funds.
2. The use of twenty year Section 8 Recently Completed contracts for some units in projects with Section 8 New Construction contracts, with the released Section 8 New Construction contracts made available for additional projects under the Section 8 New Construction program.

While this policy would entail additional long term commitments by HUD, it would offer the following advantages:

- A. No increased expenditures are required.
- B. No reallocations of housing funds from other jurisdictions are required.
- C. The HUD policy with regard to Community Development Block Grant funds (that such funds should be geared to housing activities) could be more successfully followed, as the paramount housing problem in Los Angeles and many other cities is housing supply.
- D. The HUD Section 8 Existing/Recently Completed program would have a more positive impact in contrast to the present situation where 2000 holders of certificates cannot find units that meet the HUD Fair Market Rent level.
- E. The Administration policy on tax exempt bonds (that their use should be concentrated on low income rental units) would become feasible if long term guarantees were available for units receiving tax exempt bond financing.

The shortage of housing in this City is very critical. It is recognized that there are real limits on the amount of housing funds that can be made available. However, those funds that

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Mr. Lawrenxe Simons  
HOUSING SHORTAGE

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March 31, 1980

are available, such as HCDBG funds and Section 8 Existing/  
Recently Completed program funds, should be utilized in a  
manner that is both relevant and responsive to the needs of  
our City.

I await your earliest response following a thorough review of  
the proposed changes.

Sincerely,



TOM BRADLEY  
M A Y O R

TB:nt

cc- Councilman Cunningham  
Edward Helfeld  
Homer Smith  
Frances Savitch

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is available, and an action form and action is required.  
In addition, a completed program form, which is filled in a  
manner that is both relevant and responsive to the needs of  
the City.  
I trust your interest response following a thorough review of  
the proposed changes.

Sincerely,  
*[Signature]*  
The Mayor  
2008

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